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ABSTRACT

This paper is devoted to educational reform strategy and tactics relating to the National Education Association (NEA) and the American Federation of Teachers (AFT), the nation's largest teacher unions. As is widely recognized, the teacher unions are the major obstacle to market oriented educational reforms, such as school choice or contracting out instruction to the private sector. They are also the main opposition to lowering the age of compulsory schooling, home schooling, or other reforms that would shrink the market for public education. Essentially, it is argued that it is now feasible to eliminate NEA/AFT veto power over state educational policy. This objective can be achieved in a few years, even without repeal of the state bargaining laws which have been the foundation of teacher union membership, revenues, and political power in most states. The argument is that legislative changes in the nonbargaining states and amendments to the bargaining laws in ways that are thoroughly justified on public policy grounds, apart from their implications for union political influence, will suffice. Indeed, in some cases, the amendments proposed would merely apply the safeguards for union members under the National Labor Relations Act (NLRA) to state bargaining statutes which govern school district labor relations. Partly for this reason, the changes cannot reasonably be characterized as "extremist" or some such pejorative term that suggests a narrow ideological approach to the issues of union power. (Author)

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Teacher Unions: Is the End Near?

How to End the Teacher Union Veto over State Education Policy

by Dr. Myron Lieberman

Executive Summary

This paper is devoted to educational reform strategy and tactics relating to the National Education Association (NEA) and the American Federation of Teachers (AFT), the nation's largest teacher unions. As is now widely recognized, the teacher unions are the major obstacle to market oriented educational reforms, such as school choice or contracting out instruction to the private sector. They are also the main opposition to lowering the age of compulsory schooling, home schooling, or other reforms that would shrink the market for public education.

Essentially, I will argue that it is now feasible to eliminate NEA/AFT veto power over state educational policy. This objective can be achieved in a few years, even without repeal of the state bargaining laws which have been the foundation of teacher union membership, revenues, and political power in most states. Although such laws should be repealed, I shall not argue that case here. Instead, my argument is that legislative changes in the nonbargaining states and amendments to the bargaining laws in ways that are thoroughly justified on public policy grounds, apart from their implications for union political influence, will suffice. Indeed, in some cases, the amendments proposed would merely apply the safeguards for union members under the National Labor Relations Act (NLRA) to state bargaining statutes which govern school district labor relations. Partly for this reason, the changes cannot reasonably be characterized as "extremist" or some such pejorative that suggests a narrow ideological approach to the issues of union power.

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Introduction: The Growth of Teacher Collective Bargaining

At the outset, let me emphasize my conviction that public employees should be represented by organizations that can articulate their interests and that can oppose government as the need arises. In totalitarian societies, individuals are helpless against government. They are helpless because the organizations that represent them are dominated by their employer, that is, by government. This was the situation that prevailed in public education in the pre-bargaining era. Collective bargaining and unionization have solved that problem, but unfortunately at the cost of creating several others that are much more destructive of good education and a free society. In this connection, it should be noted that collective bargaining in education emerged and expanded rapidly from 1960 to 1990, a period in which unionization and collective bargaining in the private sector declined precipitously. In the 1960s, private sector unions like the United Auto Workers (UAW) provided critical assistance to the fledgling teacher unions; today, the private sector unions are appealing to the NEA and AFT for help, alleging that the decline of the teacher unions is inevitable if they do not assist their brothers and sisters in the private sector.

Although union leaders attribute the private sector decline to union busting employers, the reality is that private sector unions have been declining in all Western industrial nations. It is indeed ironic that the private sector unions, not market oriented educational reformers, should be emphasizing the decline of private sector unions at NEA and AFT conventions.

To avoid any illusions on the subject, a basic feature of unions should be noted. Unions exist by controlling wage rates and other terms and conditions of employment. If teachers need not conform to the union negotiated contract, their union could not survive qua union; the union's right to serve as the exclusive representative of employees in a bargaining unit is essential to viability as a union. This is a factual statement that is accepted by labor economists of all political persuasions. Of course, the unions do not always negotiate terms and conditions of employment for all workers in a particular industry; in some industries, union and non-union companies do exist. In such cases, however, and education is one of them, the unions seek to expand their jurisdiction over non-union enterprise either by seeking prohibitions against contracting out or by organizing the non-union workers or by seeking to reduce the viability of non-union enterprise by whatever means are available.

Needless to say, the NEA and AFT are well aware of the fact that although producer competition may be good for consumers, it also leads to a shrinking union movement. Inasmuch as the NEA and AFT employ thousands of highly paid full-time staff, they try to eliminate producer competition in any way they can. They would hardly be unions if this were not the case.

In education, union efforts to stifle producer competition take many forms:

- Requiring all teachers, including teachers in private schools and home school parents, to be certified.
- Limitations on school board authority to contract out services, both instructional and non-instructional.
- Collective bargaining contracts which require school boards to employ teachers and support personnel at negotiated wage rates.
- Allout opposition to any legislation, no matter how small the scale, which could provide vouchers or tuition tax credits to parents who wish to enroll their children in private schools.

Notwithstanding the inherent conflict between unionization and competition, conservatives who detest the NEA often view the AFT and AFT President Albert Shanker in a more positive light. Actually, during the 1970s when Shanker was president of New York City's United Federation of Teachers, the union physically sabotaged an Office of Economic Opportunity experiment in contracting out instruction. More recently, however, Shanker has been light years ahead of NEA leaders in blocking market oriented reforms that jeopardize union power or might lead to this outcome. Thus while the NEA asserts "We will never accept privatization," the AFT says, "We'll consider it on the merits" — but never seems to identify a case in which the merits justify privatization. Ironically, both unions contract out needed services when they act as employers; although the NEA employs a staff of full-time lawyers, perhaps its most influential official is Robert H. Chanin, its general counsel who provides legal services to the NEA as an independent contractor.

At any rate, insofar as market oriented reforms are concerned, the only differences between the NEA and AFT are in the effectiveness of their opposition, not their basic hostility to any and all such reforms. Additional evidence on this is the fact that despite their differences in leadership, personnel and governance structure, the NEA and AFT overwhelmingly support the same candidates for public office and the same policies with respect to school choice and privatization. To my knowledge, no one has ever suggested that union differences on these matters does or would jeopardize their probable merger in the next two years.

NEA/AFT concurrence on candidates for political office underscores the fact that the teacher unions are a major constituency of the Democratic Party. Approximately one of every eight delegates to the 1992 Democratic National Convention was a member of the NEA or AFT. Both unions contributed heavily in both cash and in-kind contributions to the Clinton campaign and to Democratic candidates for state and federal office. For example, NEA-PAC endorsed 39 candidates for the U.S. Senate in 1992; only one, Arlen Specter of Pennsylvania was a Republican. Specter received $2,000 in the Republican primary but Lynn Yeakel received $5,000 in the Democratic primary and $5,000 in the general election against Specter. This is typical of the NEA's "bipartisan" approach to politics.

Several case studies underscore the fact that the NEA and AFT state affiliates play a critical role in state politics; one recent publication documents their influential role in such diverse states as New York, California, and Alabama; it would only belabor the obvious to cite additional chapter and verse on this issue.[1]

Teacher Union Resources

To fully appreciate the role of the NEA and AFT in the American political scene, it is essential to understand the resources they bring to bear in political affairs.

The unions do not reveal their total income, nor are they required to do so by federal or state law. Teacher unions that represent some private sector employees must report their total revenues to the Department of Labor on Form LM-2, but "total revenues" does not include several off budget operations, such as political action committee (PAC) funds; the latter are regulated, by different agencies with different reporting schedules and requirements. Consequently, it is virtually impossible to obtain a comprehensive summary of NEA/AFT financial operations. Not surprisingly, the unions are not forthcoming on the subject when disclosure is not legally required. One recent estimate concludes that their total annual revenues (local, state, federal, and overseas affiliates) are close to a billion dollars annually.[2] In this connection, it should be noted that the NEA and AFT national offices received about $250 million in 1993-94.[3] This amount does not include the much larger revenues of their state and local affiliates; to illustrate the staggering amounts involved, the 1993-94 revenues for some state and local affiliates were as follows:

Pennsylvania State Education Association	$85,487,344 (NEA affiliate)
New York State United Teachers	$83,832,247 (AFT affiliate)
Michigan Education Association	$77,430,813 (NEA affiliate)
California Teachers Association	$73,831,600 (NEA affiliate)
United Federation of Teachers (NYC)	$64,165,975 (AFT affiliate)
Illinois-Education Association	$25,845,622 (NEA affiliate)
Florida Education Association	$13,587,846 (NEA affiliate)
New York Educators Association	$10,342,336 (NEA affiliate)

To reiterate, these amounts do not include various off-budget revenues which are often used to shield union revenues from member and public scrutiny.

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[1] Myron Lieberman, Charlene Haar and Leo Troy, *The NEA and the AFT: Teacher Unions in Power and Politics*. Rockport, MA.: Pro>Active Publishers, pp. 71-87.
[2] Ibid., p. 52.
[3] Ibid., pp. 31, 42 and 48.

These immense union revenues in to underscore a critical point. The NEA and AFT opposed market oriented educational reforms long before the advent of collective bargaining in education. Such opposition was somewhat softened by the fact that Catholic school teachers and in the case of the AFT, Catholic teacher unions, were affiliated with the national unions. Nevertheless, widespread teacher unionization was not the cause of NEA/AFT opposition to school choice and privatization; it was however, the development that vastly increased their resources to oppose these changes. This point is evident in their membership and resources today; NEA/AFT membership, staff, dues, and revenues are much higher in the states which have legalized teacher bargaining than in the states which have not done so.

It must be emphasized, however, that the sheer amount of union resources, awesome as it is, does not fully convey NEA/AFT advantages in political arenas. The following considerations underscore this point.

1. Most union revenues, including PAC funds, are deducted from payroll and transmitted promptly to the union **at no cost to the union.** In contrast, when citizens, taxpayers, and/or parents oppose union-supported candidates, a significant proportion of their contributions must be devoted to fundraising. Thus, $100,000 available to the union can be devoted almost entirely to the candidates and causes supported by the unions. In contrast, a third to one-half of $100,000 available to union opposition is typically devoted to fundraising. The disparity in the costs of fundraising were illustrated dramatically in the 1993 campaign in California over Proposition 174. The California Teachers Association (CTA) assessed its 200,000 teacher members $19 each for three years and the assessment was implemented by payroll deductions and transmitted to the union by school districts. Meanwhile, the proponents of Proposition 174 were forced to devote substantial resources to identifying and raising funds to support Proposition 174.

2. Typical teacher union contracts not only require school boards to collect and transmit funds for the union PAC **at no cost to the union**; they accord the union a veto power over any other deduction, such as for a Republican PAC. State and local teacher union PACs raise 25 to 50 times as much from payroll deductions as from cash contributions, hence union veto power over payroll deductions constitutes a huge union advantage in the political fundraising. In my opinion, there are major constitutional as well as public policy issues involved in requiring or allowing a government agency to collect political contributions for a private organization, which can veto any other payroll deduction for a PAC. Since the overwhelming portion of teacher union PAC funds goes to Democrats, Republican legislators have ample partisan as well as public policy reasons to prohibit the practice cited above.

3. The teacher unions are organized to influence legislative and public opinion; the unions raise teacher compensation this way, not by providing better service at a lower cost. Consequently, union revenues flow into a structure and process which is geared to political action. In contrast, the opposition to union candidates and positions must often devote substantial resources to organizational issues.

4. In school districts in which NEA/AFT affiliates are the bargaining agent, teachers who do not wish to support union bargaining or political agendas must act to avoid contributing to these agendas. Frequently the actions required for avoidance are unpopular or require a major effort with no assurance of success. Needless to say, the fact that the burden of action is on union opponents is a tremendous advantage for the unions. This is especially evident in the case of new hires, who often are not aware of their options with respect to union dues and agency shop fees.

5. The teacher unions assert that most of their revenues are devoted to collective bargaining, not political action. As I and others have argued elsewhere, collective bargaining is political action in the public sector. When teacher unions bargain, their objective is to persuade public officials to adopt policies supportive of union interests. Political action has the same objective directed at the same public officials. Furthermore, the strategy and tactics employed in bargaining are virtually identical to those employed in political campaigns: Advertisements, letters to public officials, new releases discrediting the opposition, demonstrations, appeals to the citizenry, and so on. Unlike private sector bargaining which is an economic conflict between employers and unions representing employees, teacher bargaining is a contest for public opinion, that is, a political one.

Even if the distinction between public sector bargaining and political action is valid in some respects, the overlap between them is important. Union revenues flow to union staff who are sophisticated political operatives. The union bargaining manuals emphasize the various techniques for exerting political pressure on school boards in the bargaining process. The bottom line is that most union revenues go to experienced political operatives; union staff who operate telephone banks to pressure school boards into approving union bargaining proposals do not need any training on how to operate telephone banks in political campaigns.

6. Both teachers and union staff are able to devote more time to political campaigns than most employed adults. Most NEA/AFT representatives are employed under contracts which allow the unions to deploy their field staff as needed in political campaigns: their bargaining duties seldom interfere with their political efforts. Teachers generally work less than 180 days a year and are required to be in school only six to seven hours a day when they do work. In addition, the teacher unions frequently urge their members to vote by absentee ballot so as to free them up for campaign activities on election day. The unions frequently urge their members to take "personal necessity leave" on election day to be available for election day support activities. This tactic is especially convenient where the union contract allows one or more days of "personal necessity leave" at no loss in pay, and no questions asked. Not many private sector employees are paid their regular salary for electioneering on election day.

Although not exhaustive, the foregoing considerations virtually dictate educational reform strategy in the immediate future. That strategy must be to weaken the teacher unions financially. Any success in achieving this objective will facilitate virtually all conservative objectives, educational and non-educational. Conservatives must not merely oppose the NEA

and AFT over the expansion of union prerogatives or over such discrete educational issues as outcomes based education, sex education, or multiculturalism. Instead, their objective must be to starve the gorilla, so that it can no long intimidate its neighbors over all such issues. If ever there were a need for conservatives to get their educational priorities straight, the next two years will be that time. It would be difficult to think of a situation in which the partisan interests of Republicans coincides as much with their public policy objectives.

Like public sector unions generally, NEA/AFT support higher taxes, higher levels of government expenditures, and the elimination of restrictions on taxes or expenditures, like the balanced budget amendment or supermajorities for tax increases. Public unions have become the most powerful constituency for bigger government, and the NEA/AFT provide more and more of the resources and leadership for these unions. The serious question is not whether but how to end their excessive influence over educational policy. Essentially there are three ways to achieve this overriding objective.

- Reduce union revenues.
- Eliminate various taxpayer subsidies to the unions which never should have been allowed in the first place.
- Impose the requirements that apply to private sector unions under the National Labor Relations Act to the teacher unions under state bargaining statutes.

Before discussing these options, let me comment briefly on repeal of the state bargaining statutes which are the foundation of NEA/AFT power. My analysis does not assume the likelihood of widespread repeal, but repeal is clearly warranted on two grounds. First, as a growing number of analysts have recognized, public sector bargaining is inherently anti-democratic. Essentially, it involves the negotiation of public policies with one interest group, in a process from which other parties are excluded. The policies negotiated are personnel policies, but they are public, not private policies. Their anti-democratic nature is revealed most dramatically in the states which have legalized teacher strikes. In these states, the legislatures have in effect allowed one private interest group, the teacher unions, the legal authority to suspend a public service until it achieves public policies acceptable to it. No other parties have this right.

Ironically, teacher bargaining was initially presented as an equity issue: Private sector employees have the right to bargain and strike if they wish, but public sector employees do not. Ergo, public sector bargaining and the right to strike are essential to remedy the inequity. In all of this rhetoric, the fact that terms and conditions of public school employment, even in the absence of bargaining, were far superior to private school employment was simply ignored. The basic conflict between public sector bargaining and representative government was obscured by the terminology. Policy makers did not ask: "Should public policies be negotiated with one interest group in a process which excludes other interested parties?" Instead, the question raised

was "Should public sector employees have the same rights as private sector ones?" The upshot was and is that teacher bargaining has led to flagrant inequities in our political system. The repeal of the state bargaining statutes is essential to terminate these inequities.

Another sufficient rationale for repeal of the bargaining statutes, is the fact that collective bargaining is an outmoded system of employment relations which does not serve employees, employers, or the public very well. Today, it is clear that the teachers embraced unionization precisely when it was beginning its precipitous decline in the private sector. The main reason its decline has not become a free fall is that our political leaders have not articulated the viable alternatives to collective bargaining. As a result, teachers and others are left with the two equally unattractive options: collective bargaining and unionization on the one hand, and unfettered managerial discretion on the other. Unionization will survive as long as these are the only options, but even the AFL-CIO's own polls reveal that two-thirds of nonmembers do not believe unions are necessary.

As in the private sector, favorable legislation is absolutely crucial to union power. As a result of the 1994 elections, however, the Republicans control both state houses and the governorship. Another five states have a Republican governor and a Republican majority in one house in the legislature. At least 10 of these 20 states have enacted bargaining laws which are the foundation of union power and resources; It is safe to say, however, that if a few of these states, or perhaps only one of the larger ones such as California, Illinois, Michigan, New Jersey, Ohio, or Pennsylvania, repealed its teacher bargaining statute, the momentum to repeal them elsewhere would be unstoppable.

Reducing Union Revenues

Because the Republican governors and legislative majorities may be unable or unwilling to repeal the bargaining statutes, let me now turn to the other ways to reduce the excessive union domination of education policy. To a large degree, membership and revenues are interdependent sources of union power. More members lead to more revenue; similarly, the higher the revenues, the greater the union ability to increase its membership by organizing drives and legislation that is conducive to increased membership.

Probably the most important source of union revenues outside of member dues is the agency shop fee. These are fees paid to the union by non-members who are represented by a union against their wishes. In the 21 right to work states, unions and employers cannot require non-members of the union to pay a service fee to the union as a term or condition of employment. In the remaining states, however, such clauses are legally permissible insofar as state law in concerned. In these states, the NEA/AFT try to negotiate contractual provisions that require non-members to pay a service fee to the union. Although an agency shop fee is not mandatory unless the employer agrees to fire the employees who do not pay it, school boards, especially where board members were elected with union support, are frequently willing to

accept the union proposal regardless of its implications for teacher rights. School board acceptance is often based on the fact that the agency shop fee is extremely valuable to the union but appears to be costless to the board - the nonmember of the union, not the school board has to absorb the cost. Thus school boards can often extract important concessions from the teacher unions by accepting union proposals on agency shop fees.

Contrary to much popular rhetoric, employees cannot be forced to become union members against their wishes. Nonetheless, unions are required to represent nonmembers and members alike in an appropriate bargaining unit, and represent them without discrimination based on membership status.

The union rationale for agency shop fees is that it is unfair for nonmembers to receive the benefits of union representation but not have to pay their "fair share" of the costs thereof. Whatever the label, however, the union rationale is a basket case. Many teachers could command higher salaries in the absence of union representation. For example, many districts are willing to pay higher salaries to mathematics and science teachers but cannot do so because the union contract invariably requires that teachers be paid at the same rate, regardless of subject or grade level. This union imperative grows out of the union's need to avoid intra-union conflict over salaries; also, the unions hope to raise the salaries of all teachers by emphasizing that salaries are not high enough to recruit mathematics and science teachers.

To cite an even more egregious case, consider the situation of newly hired teachers in districts where layoffs become necessary. The unions typically insist that layoffs be in order of reverse seniority, that is, last hired is first fired. It often happens that school districts would prefer to retain the younger teachers. It is ridiculous to force them to pay for the benefits of union representation, when the "benefit" is being fired from a job they could keep in the absence of union representation.

At any rate, in the current state of the law, nonmembers can be required to pay their pro rata share of the union's costs of collective bargaining, grievance processing, and contract administration. They cannot legally be charged for other union expenses, including expenditures for political activities. Naturally, the unions categorize their expenditures so as to maximize the service fees they can charge nonmembers. As clearly revealed in litigation on the issue, the NEA and AFT are engaged in massive deception in this respect. It is impossible to establish precisely the amounts collected illegally because of deceptive union accounting practices, but tens of millions annually would be a conservative estimate.

Let us see why the union revenues from illegal agency shop fees cannot be estimated precisely. In some states, the union records show both the amounts collected from dues and from service fees. In practice, these figures do not take into account the dynamics of the situation. Suppose, for example, that union dues are $600 in toto (local, state and national) and the union asserts that nonmembers can be charged 90 percent of this amount ($540). Under these circumstances, some teachers will prefer to become union members and to pay the full union

dues. No matter how much the agency shop fee, the nonmember does not have a right to vote on the proposed contract, or to participate in union discussions on contractual issues. In some situations, the teacher unions have allowed nonmenbers to participate in these matters, but the unions have done so only for tactical reasons. In addition, there may be a stigma attached to a refusal to pay full union dues. Thus some teachers accept union membership and pay full union dues, despite their underlying opposition to union membership. The nonmember's attitude is likely to be: "Why should I risk thousands to win an award of a few hundred dollars?" In this situation, the dues revenue is really due to the existence of the agency shop fee; in the absence of the fee, many teachers would not become union members and pay full union dues.

Contrast the above scenario with one in which the agency shop fee was 20 percent of union dues ($120). In this situation, many more teachers will elect not to become union members and pay full union dues. Obviously, individuals vary on the issue but generally speaking, the lower the agency shop fee, the more teachers refuse to join and pay full union dues.

Needless to say, the teacher unions are not forthcoming about agency shop issues. As a matter of fact, the unions continue to negotiate clauses which require nonmembers to pay the equivalent of union dues or amounts that are clearly excessive. In the absence of remedial legislation, litigation and publicity to stop such practices are essential. All teachers should be informed that they can call the National Right to Work Committee or NRTW Legal Defense Foundation at 800-336-3600 for immediate free legal assistance to avoid excessive agency shop fees. In conjunction with an active program to inform school boards and school administrators of teacher rights and management legal vulnerabilities on these issues, it should be possible to reduce union revenues substantially. It should be emphasized that union dues are bound to increase, and as they do, teacher willingness to pay them will decline.

Perhaps the most remarkable fact about NEA/AFT revenues is the way they have been ignored by conservative policymakers and strategists. The Public Service Research Council (PSRC) has struggled against the enactment of new state bargaining statutes, but the National Right to Work Committee (NRTWC) and its sister organization, the National Right to Work Legal Defense Foundation (NRTWLDF) are the only organizations that have actually rolled back union revenues. They have done so through an aggressive state legislative and litigation program which challenges both the amount of the agency shop fees and the absence of procedural safeguards for teachers who challenge them. As of December 1994, NRTWLDF has litigated 598 cases against the NEA; of these, over 100 are ongoing. In several cases in the past, it has achieved substantial monetary awards (up to $238,000) and judicial safeguards for agency fee payers. Most importantly, NRTWLDF successfully argued the cases in which the U.S. Supreme Court held that agency shop fees were constitutionally limited to the nonmembers pro-rata share of the costs of collective bargaining, grievance processing, and contract administration. These legal precedents have led to a substantial reduction in NEA/AFT revenues with significant potential for a crippling blow thereto.

Despite the outcomes of the 1994 elections, agency shop concessions to the teacher unions may be even more of a threat than previously. Wherever school funding is tight, school boards are more apt to agree to concessions that appear to cost the taxpayers nothing. Thus school boards which cannot raise teacher salaries will be especially tempted to accept agency shop clauses as a substitute for monetary concessions. The long range consequences of such concessions are often ignored in the unremitting pressure to find concessions that will solve an immediate crisis.

Interestingly enough, the NRTWC faces a funding crisis of its own, partly as the result of its success in the private sector. NRTWC was established to promote the idea that employees should not be forced to join a union or pay service fees to them as a term or condition of employment. As long as NRTWC's main focus was on the private sector, its private sector support was adequate although never plentiful. As its focus shifted to the public sector, NRTWC's private sector sources of support have become increasingly inadequate because legislation and litigation relating to teacher unions tend to be state by state, not one shot federal issues. In any event, it is ironic that a non-educational organization, established before the NEA was a union, should carry such a heavy burden of protecting individual teachers from excessive teacher union fees.

Eliminating Taxpayer Subsidies to Teacher Unions

In addition to reducing teacher union revenues, legislation is needed to eliminate taxpayer subsidies to them. Eliminating the subsidies will force the NEA and AFT to absorb various costs, thus decreasing the availability of union revenues for blocking much needed educational reforms.

Although most subsidies must be eliminated by state action, Congress also has some work to do. Elimination of the tax exemption for the NEA building in Washington would be a good place to start. The tax exemption was included in the NEA's Congressional charter in 1907, when no one envisaged the possibility that the NEA would become a labor union. By the terms of the charter, the exemption applies as long as the NEA building is used for the purposes spelled out in the charter, which it clearly is not. The District of Columbia should have revoked the tax exemption on grounds that the building is not being used for its chartered purposes, but the NEA has carefully cultivated DC officials to forestall any such eventuality. In any case, we can hardly expect the Democratic district leadership to eliminate the tax exemption for one of its major constituencies of the Democratic Party.

According to district records, the NEA building carries an assessed valuation of $64.8 million. The taxes on commercial property with such an assessment would be almost $1.4 million, roughly equivalent to NEA dues from 14,000 NEA members. Is removing the exemption justified in terms of public policy? The six other organizations chartered by Congress are the American Legion, the American National Red Cross, American War Mothers, AMVETS, the Boy Scouts of America, and the Disabled American Veterans. The NEA is the only labor

union building enjoying a tax exemption and no one doubts that the NEA would not have received a Congressional charter in 1907, or, could have received one recently, as a union. As a matter of fact, AFT President Albert Shanker also tried to eliminate the tax exemption for the NEA building, albeit before the merger talks and as long as his role in the matter could be hidden from public view. Finally, the District of Columbia faces an enormous budget deficit; the Republican Congress has every reason to insist upon the elimination of preferential tax treatment for the Democratic political allies of district officials.

Federal largesse flows to the AFT as well as the NEA. AFT President Albert Shanker is a director of the National Endowment for Democracy. Not surprisingly, the National Endowment for Democracy subsidized travel by AFT members to Eastern Europe, to advise teachers there how to teach about democracy. Needless to say, federal funding did not envisage any attention to the anti-democratic nature of state educational monopolies.

Other prime candidates for federal and state chopping blocks are the appropriations to and for the National Board for Professional Teaching Standards (NBPTS). NBPTS is an NEA/AFT sponsored board intended to develop and implement a system of national board certification for teachers. In addition to $25 million appropriated by Congress to NBPTS, several states have appropriated funds to implement the NBPTS game plan. Elsewhere, I have summarized the case against government support for NBPTS, and shall not repeat the litany of reasons here.[4] For present purposes, however, I cite it merely to illustrate the fact that government subsidies to the NEA and AFT are often channeled through their satellite organizations.

Most taxpayer subsidies to the teacher unions are the result of school board concessions at the bargaining table. For instance, most NEA/AFT officers and staff are former teachers. When they accept full-time union employment, they take a leave of absence from the school district to preserve their pension rights. Typically the union reimburses the district for the appropriate salary to enable the district to hire a replacement, but the district continues to contribute to the teacher retirement system for the teachers on leave this way. These contributions in toto can be a significant amount; for example, the New York City Board of Education pays the retirement contribution for about 30 teachers on leave as full-time union staff. In some cases, the retirement contributions are $15,000 annually. In toto, the amount is not a large one in terms of the Board of Education Budget, but it is in terms of the union's. In many cases, union staff receive a generous pension from the teacher retirement systems, even though the individuals involved have actually taught only a few years. This practice could and should be stopped by requiring the union to absorb the retirement contribution and by enacting a two year limit on leaves of absence.

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[4] Myron Lieberman, "Take the $25 Million and Run: The Case of the National Board for Professional Teaching Standards," *Government Union Review*, Winter, Vol. 11, No.1: 1-23.

Another hidden taxpayer subsidy is released time with pay for teachers to conduct union business. This subsidy comes in many forms: Days off, or so many periods a day, or a specified number of days to be taken upon notice by the teacher union member. Also, school districts often provide generous amounts of released time with pay for the union bargaining team. In these situations, the district often pays the salary and fringe benefits for the teachers and the cost of the substitutes needed as well.

Perhaps the most critical subsidy is payroll deduction and transmittal of union dues and PAC funds at no cost to the union. Unquestionably, union revenues would plummet in the absence of payroll deduction, which is not costless to the school district even if it is to the union. To avoid waivers by union dominated school boards, the legislatures should enact a minimum collection fee, leaving it to the boards to require higher fees if appropriate. The main problem in requiring the union to pay its own way is that the requirement would usually have to be applicable to non-union and charitable organizations; nevertheless requiring everyone to pay is a far better solution than having nobody pay.

Empowering Rank and File Union Members

The third category of changes would not affect the unions directly but would empower the silent majority in the union ranks. The most important change in this category is to require NEA and AFT affiliates to meet the reporting and disclosure requirements applicable to private sector unions under the Landrum-Griffin Act. Section 201 of the act provides that

> "(b) Every labor organization shall file annually with the Secretary a financial report signed by its president and treasurer or corresponding principal officers containing the following information in such detail as may be necessary accurately to disclose its financial condition and operations for its preceding fiscal year---
>
> (1) assets and liabilities at the beginning and end of the fiscal year;
>
> (2) receipts of any kind and the sources thereof;
>
> (3) salary, allowances, and other direct or indirect disbursements (including reimbursed expenses) to each officer and also to each employee who, during such fiscal year, received more than $10,000 in the aggregate from such labor organization and any other labor organization affiliated with it or with which it is affiliated, or which is affiliated with the same national or international labor organization;
>
> (4) direct and indirect loans made to any officer, employee, or member, which aggregated more than $250 during the fiscal year, together with a statement of the purpose, security if any, and arrangements for repayment;
>
> (5) direct and indirect loans to any business enterprise, together with a statement of the purpose, security, if any, and arrangements for repayment; and

(6) other disbursements made by it including the purposes thereof; all in such categories as the Secretary may prescribe.

(c) Every labor organization required to submit a report under this title shall make available the information required to be contained in such report to all of its members, and every such labor organization and its officers shall be under a duty enforceable at the suit of any member of such organization in any State court of competent jurisdiction or in the district court of the United States for the district in which such labor organization maintains its principal office, to permit such member for just cause to examine any books, records, and accounts necessary to verify such report."

Why were the various protections accorded union members in the private sector not included in the state bargaining laws? The state laws were ordinarily drafted by union attorneys who wanted to avoid regulation of their clients as much as possible. They were successful in this effort for two reasons. First, because labor relations is mainly regulated by federal labor law, the state legislatures were not very sophisticated analysts of labor legislation, nor did they have the resources available to Congressional committees on the subject. Second, school management also lacked any familiarity with collective bargaining; most school board members and school administrators were (and still are) unaware of the major provisions of the Landrum-Griffin Act. The upshot was that the state bargaining statutes frequently do not include even minimal safeguards for union members vis-à-vis' their unions.

In enacting these safeguards, the legislatures should remedy various weaknesses in Landrum-Griffin. For example, the act requires unions to report the salaries and expenses of union officers and employees receiving more than $10,000 a year on Department of Labor Form LM-2. The fact that unions are not required to report the fringe benefits is a major deficiency which should be corrected by Congressional and state action. To appreciate the importance of the issue, consider that the NEA funds over 1,500 "UniServ directors," that is, field representatives who negotiate for one or more local affiliates. UniServ staff salaries range from $60,000 to $120,000 and average about $100,000; fringe benefits probably add about 35 percent to total compensation.

Understandably, the NEA would face a public relations disaster if it were forced to reveal the fact that it employs such a huge highly paid staff. To avoid this, the NEA funds the UniServ program through its state and local affiliates, so that most UniServ staff are employees of these affiliates, not the NEA. Not surprisingly, only nine NEA state affiliates are required to file the LM-2. The NEA's complex precautions against full disclosure of UniServ compensation suggests that it shares my view that full disclosure would indeed discredit the NEA among its members and the public at large.

Conclusion

Let me conclude on a note of cautious optimism. The proposals made here vary widely in their political feasibility and their impact on teacher unions. Undoubtedly, some proposals not made would be more useful in some states. The critical question is whether conservatives (those who support less government, lower taxes, and more reliance on markets and incentives) understand that the public sector unions are the major opposition to their objectives. Once this understanding becomes widespread, the specifics in this article may be replaced by more drastic measures, such as the prohibition of public sector bargaining. At the end of 1994, such an outcome seems at least as likely as the continuation of NEA/AFT political influence.

Paradoxically, the rollback of NEA/AFT political power will often be easier to achieve in the nonbargaining states, that is, the states in which the unions already are not so dominant. The NEA and AFT allocate their resources from a national standpoint. Thus funds generated in the bargaining states are spent in the nonbargaining ones to enact legislation requiring school boards to bargain with teacher unions. Educational reformers must adopt a similar perspective. If they reduce NEA/AFT membership and revenues in the nonbargaining states, they thereby weaken the unions in all states. For example, it is much easier to require the unions to pay the costs of payroll deductions of union dues in the nonbargaining states than in the bargaining ones. It is a major strategic error to focus entirely on the states where it is most imperative to reduce union influence over educational policy.

One final comment. The survival of teacher union viability among teachers rests upon the perception that the only alternative is unrestricted managerial discretion, the framework of employment relations in the pre-bargaining era. This framework is not persuasive, even among the teachers who were not around at that time. Consequently, a new framework of employment relations is essential. To be viable, an alternative to the NEA and AFT must propose such a framework. Thus the task that lies ahead is to create a system of educational employment relations that avoids the deficiencies of the pre-bargaining era as well as those inherent in collective bargaining. Although relatively little attention is being paid to this task, it is critical to get us to the post-bargaining era.

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